

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00
SP-02 AID-05 EB-08 TRSE-00 SS-15 STR-07 OMB-01
CEA-01 L-03 H-01 PA-01 CIAE-00 COME-00 FRB-03
INR-10 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01 /080 W
-----072530 211622Z /72

O R 211535Z MAR 78
FM AMEMBASSY ANKARA
TO SECSTATE WASHDC IMMEDIATE 1145
INFO AMCONSUL ADANA
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMCONSUL ISTANBUL
AMCONSUL IZMIR
AMEMBASSY PARIS

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USOECD

USEEC

E.O. 11652: N/A
TAGS: EFIN, IMF, TU
SUBJ: TURKEY'S IMF STANDBY

REF: ANKARA 2098

1. TURKISH CENTRAL BANK GOVERNOR, TAYYAR SADIKLAR,
TOLD EMBOFFS MARCH 21 THAT EXACT AMOUNT OF CREDIT TO BE MADE
AVAILABLE TO TURKEY BY IMF REMAINED TO BE SETTLED WITH
FINANCE MINISTER MUEZZINOGLU THIS WEEK IN WASHINGTON.
GOVERNOR SAID TURKEY HOPED TO OBTAIN FOUR CREDIT TRANCHES
(EACH \$60.5 MILLION OR SDR 50 MILLION) UNDER STANDBY
AGREEMENT, DRAW ITS FINAL SHARE (SDR 50 MILLION) OF THE
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COMPENSATORY FINANCING FACILITY (CFF), AND USE WITHHVEEN
FACILITY WHEN IT BECOMES OPERATIONAL. STANDBY AGREEMENT
WOULD BE FOR TWO YEARS.

2. SADIKLAR WOULD NOT GO INTO DETAILS ON THE STATUS OF
THE NEGOTIATIONS ALTHOUGH HE WAS THOROUGHLY OPTIMISTIC ABOUT THE
OUTCOME.

3. EMBASSY CALCULATES THAT TOTAL IMF FINANCING FOR TURKEY COULD REACH SDR 455 MILLION (ABOUT US \$550 MILLION); HOWEVER, IT IS UNLIKELY THAT MORE THAN SDR 235 MILLION (US \$280 MILLION) WOULD BE AVAILABLE DURING THE FIRST YEAR OF THE STANDBY. THIS WOULD INCLUDED TWO CREDIT TRANCHES, TWO TRANCHES OF THE WITTEVEEN FACILITY AND ONE TRANCHE OF THE COMPENSATORY FINANCING FACILITY.

4. COMMENT. ACCORDING TO EMBASSY'S UNDERSTANDING, FORMER DEMIREL GOVERNMENT AND EVEN PRESENT ECEVIT GOVERNMENT IN ITS FIRST WEEKS IN OFFICE WERE NEGOTIATING FOR ONE-YEAR STANDBY COVERING TWO TRANCHES AND ALSO FOR CFF AND CORRESPONDING PORTION OF WITTEVEEN FACILITY. OUR GUESS IS THAT IMF ITSELF HAS DETERMINED THAT TURKEY'S PROBLEMS REQUIRE LONGER-TERM STABILIZATION DISCIPLINE THAN COULD BE PROVIDED UNDER ONE-YEAR AGREEMENT.
SPIERS

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NNN

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